

Advertisement.

GIVING A THOUGHT TO FIRE INSURANCE

Principle of Adequate Coverage and Partial Losses—Eighty Per Cent. Insurance to Value—Reason for Co-insurance or Assured's Participation—What Service Accomplishes.

[Third of a series of Eight Sketches. Previous Articles will be mailed on request. The Fourth will appear in "The Herald" Next Week.]

RATE making in fire insurance is based on the expectation, first, that most fires will be extinguished near the point of origin, (thus producing what we term "partial losses," or losses less than the insurance), and second that all property will be insured for a fair proportion of its value.

Eighty per cent. insurance to value, for instance, fairly meets everyday conditions. Furthermore, on an 80 per cent. basis the owner has a personal interest of 20 per cent. in his property's safety. This does not mean that he must carry 80 per cent. of his own liability, for we will give him a still lower premium rate if he fills up the gap between 80 per cent. and 100 per cent., but in consideration of a premium rate based on 80 per cent. insurance, we do insist upon his contracting to take out policies for that agreed percentage of his values—or stand in the place of the insurance he does not provide. This is usually called "co-insurance," its technical name being "Reduced Rate Average Contribution Agreement," because if an owner carries less fire insurance than the average necessary to prevent rate discrimination between insureds, he must share in his own loss so as not to unbalance the experience (results) in his class.

Without an understanding of fire underwriting fundamentals, a man may reason this way: "I have a well built property worth about \$100,000 in a good neighborhood, under good fire protection and not likely to burn, (all of which was taken into consideration, by the way, in his schedule rate), so I will insure for \$5,000 which will cover my probable loss."

He has reckoned without his host, because we cannot issue our policies on that basis. With only \$5,000 fire insurance (without the "co-insurance" agreement), a \$5,000 fire would mean to him a property loss of only 5 per cent. but to us an insurance loss of 100 per cent.

On the basis of the premium rate produced by schedule, he should have carried \$80,000 insurance and paid the requisite premium therefor. Then a \$5,000 fire loss would turn that "total" insurance loss into a "partial" loss. We rated that man's property on a basis as 100 is to 80 (5 to 4) and he wants us to assume a liability—at the same rate of premium—as 100 is to 5 (20 to 1). That would be a gamble pure and simple, and fire underwriting is not a gamble but a calculation based on the law of averages when spread over many thousands of separated properties and a period of years. We could secure no average on the basis he proposes except at prohibitive rates.

Above all, "co-insurance" prevents rate discriminations—a cardinal principle. Were some men to carry only \$5,000 and others \$80,000 at the same rate of premium on practically identical risks, equal in value, it would result in unbalancing the whole "experience" on that class of risks by reducing the premiums and increasing the losses. This would be gross discrimination against and at once establish unfair rates for the prudent man who for his own protection provides the \$80,000 fire insurance. That is why the man who will not pay the premiums to meet the requirement of 80 per cent. fire insurance to property value, must pay the penalty at the other end in a reduction in the amount he may collect when loss comes.

If you believe that "a system of fire insurance rating which does not discriminate between safe construction and unsafe construction, and between carefulness and negligence, is an injury to the community," (as one of the students of our business wrote many years ago when advocating schedule rating), we can demonstrate to you the fairness and the reasonableness and the desirability of fire insurance as today sold by the stock companies that are co-ordinated (not combined) to make your security greater, to make your property safer, to prevent your neighbor from damaging you, to make your community better, to make your life and the lives of your neighbors and of all other citizens safer, to make your city cleaner and healthier and more habitable and to help you solve your housing problems in saving your property from destruction by preventable fires and in paying honest losses promptly so that your destroyed houses may be rebuilt without needless delay.

This is a rather large order, but after all it represents an everyday function of stock fire insurance, in addition to indemnification for losses, though the underlying service functions so unobtrusively that the uninformed do not see it.

Stock fire insurance companies stand behind the business credit of the nation. Of all the insurance carriers their standard of solvency is the highest; their supervision the most rigid; their taxes paid to the State the largest, and their contracts the safest and the best.

JOHN B. MORTON,

President

NATIONAL BOARD OF
FIRE UNDERWRITERS
76 WILLIAM STREET, NEW YORK.

Check of "Safeguarding the Home" teaching fire prevention to you and your children will be sent on request.

The Annual August Sale of ORIENTAL RUGS

Begins Tomorrow

Astounding Values

August 1921 finds us with the greatest collection of Oriental Rugs and the lowest prices in years. We have made such elaborate preparations for this Annual Sale that we know every lover of Orientals will be immensely impressed.

Not only are the prices very low, but the rugs have exceptional beauty and quality. The collection includes handsome Persian, Turkish and Chinese Rugs, so rich in color, so fine in weave and so low in price, that you should see them immediately.

The Outstanding Feature of This Sale is a Group
of Wonderful Persian, Turkish and Chinese

Room Size Rugs \$195

Beloochistan Rugs, just 110 of these, below wholesale cost,
\$19.50 and \$29.50

Kirmanshah Rugs, especially fine in quality, 4 x 6 feet,
\$185

3 x 5 feet,
\$125

Lilahan Dozar Rugs, specially heavy quality, 4½ x 6½,
\$125, \$150, \$175

We urge you to buy by comparison.

We are certain that you will find these rugs in sizes 8 x 10 and 9 x 12 feet the finest shown at this price.

There are many designs and colors, but we suggest that you see them now to have first selection, as they cannot last long at such a price.

FIFTH FLOOR

Persian Mahal Rugs, 9 x 12,
\$295 and \$345

Chinese Rugs, 9 x 12,
\$295 and \$345

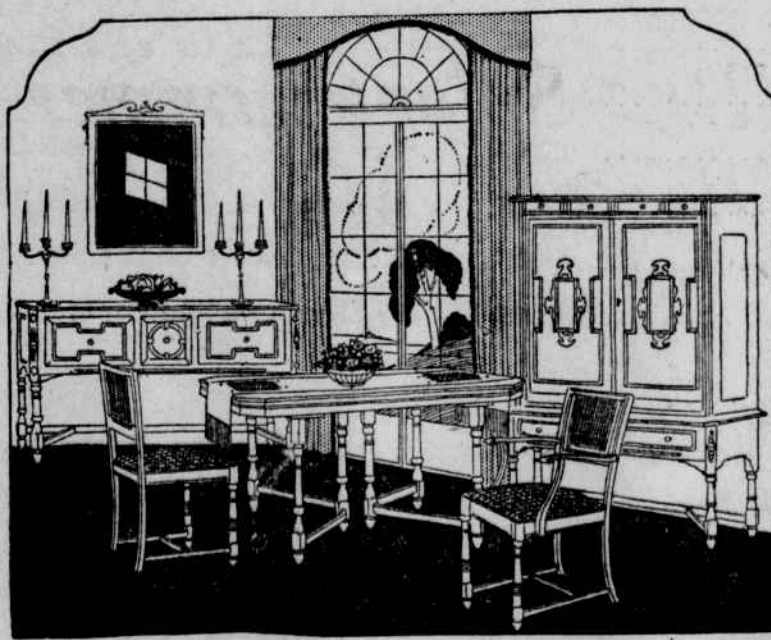
Mosul Rugs, 3½ x 6 feet,
\$37.50 and \$45

All other sizes, larger or smaller, are proportionately priced and included in this Sale.

Midsummer Sale of Furniture

Excellent Examples of Design

Superior Workmanship



Living Room Furniture

- A 2 piece tapestry suite, \$250
- A 2 piece tapestry suite, \$440
- A 3 piece damask suite in blue, \$465
- A 3 piece tapestry suite, \$495
- A 3 piece suite in blue silk velour, \$530
- A graceful arm chair in tapestry, \$59.75
- A large wing chair in tapestry, \$65
- A 3 piece suite in fawn mohair, \$575

Dining Room Suites

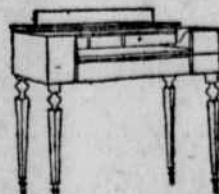
- A 10 piece Louis XVI. suite in walnut, \$450
- A 10 piece Queen Anne suite, in mahogany or walnut, \$495
- A 10 piece Queen Anne suite, in mahogany \$500

Above—Jacobean Dining Room Suite, in walnut, has 10 pieces, \$750

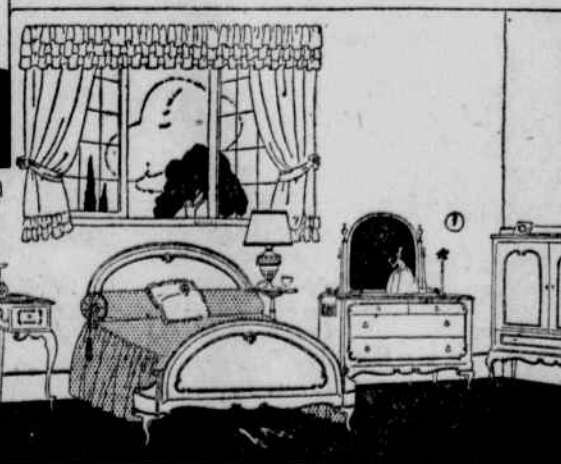
Right—Queen Anne Bed-room Suite, in walnut, 6 pieces, \$475

Other Values

- Mahogany Four-Poster Beds, full size, \$42.50 and \$67.50
- Windsor Rockers, mahogany finish, \$11.75
- Windsor Arm Rockers, mahogany finish, rush seat, \$18.50
- Windsor Arm Rockers, mahogany finish, wooden seat, \$16



This Solid Mahogany Spinet Desk is \$40.



Bedroom Suites

- A 4 piece Queen Anne suite, in mahogany, \$395
- A 6 piece Louis XVI. suite, in mahogany, \$435
- A 4 piece Louis XVI. suite, in ivory or mahogany, \$495
- A 6 piece Louis XVI. suite, in walnut, \$575
- A 6 piece Queen Anne suite, in walnut, \$775
- A 6 piece Heppelwhite suite, in walnut \$750

Right—Mahogany Four-Poster Bed, full size, \$29.50



Lord & Taylor

FIFTH AVENUE



August Sale of FURS

This important Annual Sale opens its doors to-morrow on the most extensive assortments of furs we have been able to collect since before the war, and the prices are noticeably lower this year. All of the fashionable furs are here in hundreds of engaging new styles, and we are listing a few of the items to give you some idea of the prices.

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|--|---|--|
| Natural Muskrat Sports Coats, \$115, \$169.50 | A Hudson Seal Coat, with skunk or natural beaver collar and cuffs, \$265 | Black Caracul Coats with skunk or Australian opossum collars and cuffs, \$245 |
| Natural Raccoon Sports Coats, \$169.50, \$225 | A Hudson Seal Coat, 40-inch length, Skunk collar and cuffs, \$295 | Scarves, in skunk, 2-skin animal scarves, fancy tie scarves, shawl collar scarves, \$39.50 |
| A Hudson Seal Coat, with long shawl collar and deep cuffs. 36-inch length \$237.50 | A Hudson Seal Wrap, with plain or contrasting fur collar. \$425, \$465, \$525 | Fox scarves, pointed, black, brown, taupe, \$39.50, \$49.50 |

Furs purchased during this Sale will be stored without obligation until November First.

FOURTH FLOOR

Don't Miss This!

One-Strap Pumps, \$8.75

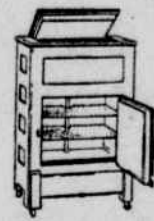
Whether you spend the summer in town or country, you always need this type of smart pump to wear with a dark suit or dress for street or motoring. They have one strap and are in dark mahogany leather with perforated vamp, military heel, and well tailored lines. This price will sell them rapidly, so we advise an early shopping trip.

SECOND FLOOR

A Hot Weather Value!

Refrigerators \$13.50

A small price for a large value. An excellent refrigerator for the apartment limited in space. Made especially for Lord & Taylor. 27 inches wide, 17 inches deep and 42 inches high and has a 75 pound ice capacity.



SEVENTH FLOOR

Third Floor Attractions

A trip to the Third Floor these days will convince you that here are really smart things to wear as inexpensively priced as they could possibly be.

Misses' Paris Frocks \$25

Undeniably French are these lovely organdies in the delightful shades that the French alone seem able to procure. Heretofore these frocks have been much higher in price. Sizes, Misses 14 to 20.

New Tailored Blouses \$9.75 to \$15

You will be delighted with these new styles in Dura Soie, Radium, crepe de Chine and Men's wear crepe.

Stunning Suits Are Now Only \$45

We have collected our most select tailored suits of tricot, twill cord, Canton crepe and Roshanara crepe to sell at this absurdly low price.

THIRD FLOOR

Extraordinary!

Velour Portieres, \$26.75 A Pair

Rich, colorful velour portieres, such as we have had in past seasons at a much higher price. This price is introduced now so that you can save a great deal and be ready for your Fall decorating.

Each portiere is beautifully made with hand-sewed hems and French open edges, 7 feet 9 inches long, 52 inches wide—larger than the average portiere. Many combinations of beautiful shades.

FIFTH FLOOR

August Sale of Blankets and Comfortables

Everything in Stock at a Reduced Price

All-Wool White Blankets—with pink and blue borders and ribbon binding.

- Single size \$10.50
- Double size \$12.00

\$4.75

All-Wool Plaid Blankets—in blue, rose, tan, grey—excellent quality.

- Single size \$8.25
- Double size \$12.00

\$6.50

All-Wool-Filled Comfortables—covered with a fine grade of plain nainsook in lovely shades of blue, rose, lavender, tan,

SECOND FLOOR

See Our Other Advertisement in The World and The Tribune.